

THE MEANING OF FINANCIAL LITERACY AND DIGITAL MARKETING FOR MSMES

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ABSTRACT

Digital transformation has transformed the management and marketing patterns of micro, small, and medium enterprises (MSMEs), yet many MSMEs still face limitations in financial literacy and optimal use of digital marketing. This condition is important to examine because both capabilities influence the efficiency, competitiveness, and sustainability of businesses in Kendari City. This study aims to describe the meaning of financial literacy, digital marketing, and their integration in the business practices of MSMEs in Kendari City. The study used a qualitative phenomenological approach with data collection techniques through in-depth interviews, observation, and documentation of purposively selected informants. Data analysis was conducted using the Miles and Huberman model through data reduction, data presentation, and drawing conclusions. The results show that financial literacy is defined as the ability to manage cash flow, separate personal and business finances, and utilize profits productively. Digital marketing is understood as a means of promotion and market expansion through digital media. The integration of the two strengthens business efficiency, increases competitiveness, and supports the sustainability of MSMEs. The implications of this study emphasize the importance of integrated training between financial literacy and digital marketing for strengthening local MSMEs.

Keywords: Financial literacy, digital marketing, MSMEs, phenomenology.

INTRODUCTION

MSMEs play a central role in the Indonesian economy as a source of employment, a driver of local economic growth, and a pillar of socio-economic resilience, so that their managerial and marketing capacity has a direct impact on regional competitiveness. (Aprilia, Subroto, and Sakti 2025) . In the era of digital transformation, shifts in market structure are accelerated by internet penetration, smartphone adoption, and the emergence of digital platforms that open up new market access but also intensify competition. (Wahyudi, Yulivan, and Rahman 2024) . This phenomenon also occurs in Kendari City, where digital opportunities

meet with limited business capacity. Although some MSMEs have adopted digital tools for transactions and marketing, many still experience a critical skills deficit in financial literacy and digital marketing. (Tambunan 2019; Windayani, Muhammad Aswin, Muh. Husriadi 2024) . Therefore, financial literacy serves as a primary determinant in financial decision-making, including record-keeping, cash flow management, pricing, and access to financing. Meanwhile, digital marketing capabilities determine the ability to reach consumers, utilize market data, and increase sales conversions through digital channels. Failure to integrate financial and digital marketing capabilities can lead to operational inefficiencies and liquidity vulnerabilities. and loss of growth opportunities so it requires an in-depth contextual study (Fizzanty 2024; Husriadi and Nurjanah 2024; Tindi 2025) .

Based on the researcher's initial observations, although national policies exist to encourage the digitalization of MSMEs, the situation in Kendari is different , indicating real managerial and strategic problems. *First*, low financial literacy is reflected in unsystematic bookkeeping practices, mixing personal and business assets. and dependence on informal financing sources and conditions that hinder investment planning and risk mitigation. *Second*, limited digital marketing competency , ranging from weak data-driven marketing strategies, limited content creation, to a limited understanding of algorithms and platform optimization , limits visibility and access to a wider market. *Third*, there are integration issues between the use of digital transaction technology and managerial capabilities to utilize the resulting financial data . Furthermore, this disharmony reduces the effectiveness of digital payment systems as a performance improvement tool. This combination of issues impacts business sustainability, stagnant revenue growth, and vulnerability to local economic shocks. . Based on several previous studies such as (Sharabati et al. 2024) MSMEs utilize social media, marketplaces, and differentiation strategies to expand their markets, but are still hampered by content management, competition, and limited digital capacity. This finding confirms that digital marketing is indeed important for MSMEs, but the focus is still on marketing strategy, not on the meaning of financial literacy as a capability that supports business decisions. Furthermore, other findings (Laila et al. 2024) show that social media increases visibility, sales, and market expansion, but MSMEs still face limitations in human resources, digital strategy knowledge, and intense competition. This confirms the effectiveness of digital marketing, but it does not address how MSMEs interpret financial skills to support the effectiveness of digital marketing.

Therefore, these findings indicate a conceptual and geographic gap that needs to be filled. Based on the previous research findings outlined above , separating the study of financial literacy and digital marketing, or examining both at the national and large city scales, is recommended. This lack of empirical insight for a mid-sized city like Kendari. Furthermore, research that holistically integrates financial and digital dimensions is still limited . This is evident in the fact that most studies have not explored the subjective meanings of business

actors or the practical mechanisms that connect these two capabilities. Furthermore, methodological limitations exist. These methodological limitations hinder understanding the contextual conditions and causal pathways that moderate the impact of financial skills. digital on the performance of MSMEs at the local level.

To fill this gap, this study aims to: (1) describe the level and meaning of financial literacy among MSMEs in Kendari City; (2) identify digital marketing practices and capabilities used by MSMEs. The approach that combines descriptive and analytical analysis is expected to produce good practical implications, such as the design of integrated financial training. digital and financial inclusion policies Both theoretically and analytically, namely enriching the discourse on the strategic capabilities of MSMEs. The contribution of this research lies in its integrative and contextual approach. This research combines the subjective meaning of financial literacy with digital marketing practices in a mid-sized city environment while using a methodology that allows for the disclosure of the interaction mechanisms between these two factors. dimensions. Therefore, this study not only fills the geographical and conceptual gaps in the MSME literature but also provides an empirical basis for designing integrated interventions that are adaptive to Kendari's local characteristics. Theoretically, this study offers a new perspective on how financial and digital capabilities converge to determine the sustainability and competitiveness of micro and small enterprises in the context of the digital economy.

RESEARCH METHODS

This study uses a qualitative approach with a phenomenological design because it focuses on the meaning of MSMEs' subjective experiences with financial literacy and digital marketing. This approach is relevant for capturing the essence of lived experiences in a real social context. This type of phenomenological research was chosen because it allows for in-depth exploration of meanings, perceptions, and business practices that cannot be measured quantitatively. This aligns with the research objective of understanding the construction of meaning among business actors. The research population includes all MSMEs in Kendari City, while the sample/informants were purposively selected, consisting of 8-12 people, consisting of active MSME owners, actors who use digital media in marketing, and actors involved in business financial management. These informants are appropriate because they have direct experience and rich information related to the phenomenon being studied. The research location in Kendari City was chosen because it is a medium-sized city with growing MSME digitalization dynamics, but still faces challenges in financial capacity and digital marketing, making it important to choose. The research procedure included determining informants, in-depth interviews, observation, and documentation gradually until data saturation was achieved. This step is crucial to ensure that the emerging meanings truly represent the informants' experiences. Data analysis uses the Miles and Huberman model through data

reduction, data presentation, and drawing conclusions/verification because this model is systematic, interactive and suitable for interpreting qualitative data in depth.

RESULTS AND DISCUSSION

A. Understanding Of Financial Literacy Among MSME Actors

Research findings indicate that MSMEs in Kendari City view financial literacy as a fundamental skill for maintaining orderly business operations and avoiding personal distractions. This understanding is evident in their practice of separating capital, recording income and expenses, and assessing cash flow before making business decisions. In practice, entrepreneurs with better financial awareness tend to be more disciplined in managing cash flow, more cautious in utilizing profits, and less hasty in spending them on short-term consumption. They view profits as business breathing space, not merely daily sales revenue, thus investing a portion of these profits in stock, equipment, or promotions. This pattern demonstrates that financial literacy serves as a foundation for rational and adaptive financial decision-making, while also strengthening business resilience in the face of raw material price pressures and fluctuating demand. These findings align with research (Przychocka, Sikorski, and Milewski 2024). which emphasizes that financial literacy is closely related to the ability to plan cash flow, utilize financial information, and maintain business sustainability. Research results (Darmawan and Rezki 2025) also show that financial literacy does not stop at knowledge, but becomes a practical competency in budgeting, recording, and daily cash control. In the discussion, the experiences of informants show that business resilience does not arise from sales alone, but from the ability to manage business funds carefully. MSMEs who understand cash flow tend to be better prepared to face uncertain conditions because they have an idea of when capital should be circulated, when profits can be withdrawn, and when the business needs to be held to maintain stability. Thus, financial literacy in the context of MSMEs in Kendari functions as a survival mechanism as well as a growth mechanism, because the right financial decisions provide space for businesses to adapt and develop more healthily.

B. Deepening Digital Marketing Among MSMEs

Research findings show that MSMEs in Kendari City view digital marketing as a primary means of maintaining their business presence amidst an increasingly competitive market. The use of digital media such as WhatsApp, Instagram, Facebook, and marketplaces is viewed not only as a promotional tool, but also as a space for interaction with consumers, a place to build rapport, and expand market reach without geographical boundaries. In practice, MSMEs not only upload products but also strive to craft more engaging promotional messages through photos, short videos, and captions relevant to consumer needs. This pattern indicates that content appeal is a crucial aspect in generating attention and purchasing interest. Informants also assessed that market response through comments, direct messages, and increased

orders are simple indicators of the effectiveness of digital promotions. Thus, digital marketing in the context of MSMEs in Kendari is understood as a strategy that requires creativity, consumer sensitivity, and the ability to read market feedback quickly and accurately. This discussion aligns with research (Shaheen 2025). which shows that the use of social media like Instagram and Facebook is more effective in building consumer engagement because it can convey information while simultaneously establishing emotional closeness with the market. Their findings confirm that regular content, engaging visuals, and two-way communication are important factors in increasing the effectiveness of digital promotions. Furthermore, research (Prasetyo, K., Bate, AP, & Amrullah 2026) found that platform-based digital marketing helps MSMEs expand their markets and increase sales because promotions can be conducted more quickly, cost-effectively, and measurably through consumer responses. These two findings support the research finding that the effectiveness of digital promotion is determined not only by media presence, but also by how business actors manage message content, read market responses, and evaluate its impact on sales. In the Kendari context, digital marketing has emerged as a strategic capability that does not stand alone, but rather becomes part of MSMEs' adaptation efforts to remain relevant, competitive, and sustainable amidst changes in digital consumer behavior.

C. Integration Of Finance And Digital Marketing

Research findings indicate that MSMEs in Kendari City understand the integration of finance and digital marketing as a mutually reinforcing set of business strategies, not two separate activities. In their experience, effective digital promotion decisions are always linked to the ability to weigh costs, manage capital, and manage cash flow to maintain business efficiency. Businesses who are able to connect financial records with digital marketing activities tend to be more efficient in allocating resources, more careful in determining promotional intensity, and more adaptive in understanding market opportunities. At this point, this integration not only improves business efficiency but also strengthens competitiveness because promotions become more measurable and do not disrupt financial stability. This finding aligns with (Ketut 2024). which confirms that the integration of digital marketing and financial management in MSMEs encourages optimized resource allocation, data-driven decision-making, and increased financial sustainability. The research findings indicate that digital payment systems, digitized record-keeping, and efficient content management are crucial for strengthening MSME business models. Further discussion reveals that business sustainability is largely determined by the extent to which MSMEs are able to utilize digital marketing as a growth instrument that remains aligned with their financial capacity. When digital promotions are implemented without cost calculations and evaluation of results, businesses risk waste and liquidity pressures. Conversely, when promotions are aligned with capital capacity and sales goals, digital marketing can be a lever for business sustainability by driving more stable sales and expanding consumer access. These findings are

reinforced by findings (Wiweko and Anggara 2025). This demonstrates that the synergy between the two contributes to strengthening a business's market position, particularly through operational efficiency, increased market responsiveness, and competitive resilience. Therefore, the integration of finance and digital marketing in the Kendari context is not merely a technical practice, but a strategic capability that determines whether MSMEs can survive, grow, and compete sustainably.

CONCLUSION AND SUGGESTION

In conclusion, this study confirms that financial literacy, digital marketing, and their integration are complementary strategic capabilities in strengthening the sustainability of MSMEs in Kendari City. Business owners who are able to separate personal and business finances, manage cash flow effectively, utilize profits productively, and use digital media creatively tend to have more efficient, adaptive, and competitive businesses. These findings also indicate that business digitalization will not be optimal without a sound financial management foundation. Therefore, recommendations include the need for integrated training for MSMEs that combines practical financial literacy, digital marketing strategies, and business performance evaluation. Local governments, support agencies, and educational institutions need to build an MSME strengthening ecosystem that focuses on ongoing mentoring, not just short-term training, so that digital transformation truly impacts business growth.

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